



JOHN CHIANG
California State Controller

December 3, 2012

Terry Nichols, Ed.D., Superintendent
Duarte Unified School District
1620 Huntington Drive
Duarte, CA 91010

Dear Dr. Nichols:

The State Controller's Office reviewed the costs claimed by Duarte Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004. Our review was limited to ensuring that the California Department of Education Standardized Testing and Reporting Program apportionment was properly offset.

The district claimed \$528,011 for the mandated program. Our review disclosed that \$455,968 is allowable and \$72,043 is unallowable. The costs are unallowable because the district understated offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 1997-98 claim, the State made no payment to the district. Our review disclosed that \$46,509 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1998-99 claim, the State made no payment to the district. Our review disclosed that \$55,054 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 1999-2000 claim, the State paid the district \$2,934 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$73,004 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$70,070, contingent upon available appropriations.

For the FY 2000-01 claim, the State paid the district \$81,393 from funds appropriated under Chapter 724, Statutes of 2010. Our review disclosed that \$75,757 is allowable. The State will apply \$5,636 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 2001-02 claim, the State made no payment to the district. Our review disclosed that \$76,977 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the district. Our review disclosed that \$86,552 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our review disclosed that \$42,115 is allowable. The State will pay that amount, contingent upon available appropriations.

We discussed the review results with Jim Bauler, Assistant Superintendent of Business Services, via e-mail on November 9, 2012.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/bf

Attachments

RE: S13-MCC-911

cc: Jim Bauler, Assistant Superintendent of Business Services
Duarte Unified School District
Arturo Delgado, County Superintendent of Schools
Los Angeles County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 1997, through June 30, 2004

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,080	\$ 5,080	\$ —
Test materials, supplies, and equipment	380	380	—
Pre-test and post-test coordination	36,021	36,021	—
Test administration	886	886	—
Reporting and recordkeeping	24,744	24,744	—
Total direct costs	67,111	67,111	—
Indirect costs	4,407	4,407	—
Total direct and indirect costs	71,518	71,518	—
Less offsetting reimbursements	—	(25,009)	(25,009)
Total program costs	<u>\$ 71,518</u>	46,509	<u>\$ (25,009)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 46,509</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,311	\$ 5,311	\$ —
Test materials, supplies, and equipment	389	389	—
Pre-test and post-test coordination	37,230	37,230	—
Test administration	907	907	—
Reporting and recordkeeping	25,572	25,572	—
Total direct costs	69,409	69,409	—
Indirect costs	4,560	4,560	—
Total direct and indirect costs	73,969	73,969	—
Less offsetting reimbursements	—	(18,915)	(18,915)
Total program costs	<u>\$ 73,969</u>	55,054	<u>\$ (18,915)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 55,054</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,548	\$ 5,548	\$ —
Test materials, supplies, and equipment	326	326	—
Pre-test and post-test coordination	39,792	39,792	—
Test administration	762	762	—
Reporting and recordkeeping	27,274	27,274	—
Total direct costs	73,702	73,702	—
Indirect costs	4,841	4,841	—
Total direct and indirect costs	78,543	78,543	—
Less offsetting reimbursements	—	(5,539)	(5,539)
Total program costs	<u>\$ 78,543</u>	73,004	<u>\$ (5,539)</u>
Less amount paid by the State ²		(2,934)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 70,070</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,788	\$ 5,788	\$ —
Test materials, supplies, and equipment	408	408	—
Pre-test and post-test coordination	41,047	41,047	—
Test administration	952	952	—
Reporting and recordkeeping	28,180	28,180	—
Total direct costs	76,375	76,375	—
Indirect costs	5,018	5,018	—
Total direct and indirect costs	81,393	81,393	—
Less offsetting reimbursements	—	(5,636)	(5,636)
Total program costs	<u>\$ 81,393</u>	75,757	<u>\$ (5,636)</u>
Less amount paid by the State ²		(81,393)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (5,636)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 5,788	\$ 5,788	\$ —
Test materials, supplies, and equipment	408	408	—
Pre-test and post-test coordination	41,818	41,818	—
Test administration	952	952	—
Reporting and recordkeeping	28,705	28,705	—

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2001, through June 30, 2002 (continued)</u>			
Total direct costs	77,671	77,671	—
Indirect costs	5,118	5,118	—
Total direct and indirect costs	82,789	82,789	—
Less offsetting reimbursements	—	(5,812)	(5,812)
Total program costs	<u>\$ 82,789</u>	76,977	<u>\$ (5,812)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 76,977</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 32,614	\$ 32,614	\$ —
Test materials, supplies, and equipment	293	293	—
Pre-test and post-test coordination	7,313	7,313	—
Test administration	7,752	7,752	—
Reporting and recordkeeping	28,891	28,891	—
Total salaries and benefits	76,863	76,863	—
Materials and supplies:			
Test materials, supplies, and equipment	9,316	9,316	—
Total materials and supplies	9,316	9,316	—
Total direct costs	86,179	86,179	—
Indirect costs	5,842	5,842	—
Total direct and indirect costs	92,021	92,021	—
Less offsetting reimbursements	—	(5,469)	(5,469)
Total program costs	<u>\$ 92,021</u>	86,552	<u>\$ (5,469)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 86,552</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 2,897	\$ 2,897	\$ —
Test materials, supplies, and equipment	10,497	10,497	—
Pre-test and post-test coordination	10,029	10,029	—
Test administration	12,299	12,299	—
Reporting and recordkeeping	6,492	6,492	—
Total salaries and benefits	42,214	42,214	—

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004 (continued)</u>			
Materials and supplies:			
Test materials, supplies, and equipment	2,691	2,691	—
Total materials and supplies	2,691	2,691	—
Total direct costs	44,905	44,905	—
Indirect costs	2,873	2,873	—
Total direct and indirect costs	47,778	47,778	—
Less offsetting reimbursements	—	(5,663)	(5,663)
Total program costs	<u>\$ 47,778</u>	42,115	<u>\$ (5,663)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 42,115</u>	
<u>Summary: July 1, 1997, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 63,026	\$ 63,026	\$ —
Test materials, supplies, and equipment	12,701	12,701	—
Pre-test and post-test coordination	213,250	213,250	—
Test administration	24,510	24,510	—
Reporting and recordkeeping	169,858	169,858	—
Total salaries and benefits	483,345	483,345	—
Materials and supplies:			
Test materials, supplies, and equipment	12,007	12,007	—
Total materials and supplies	12,007	12,007	—
Total direct costs	495,352	495,352	—
Indirect costs	32,659	32,659	—
Total direct and indirect costs	528,011	528,011	—
Less offsetting reimbursements	—	(72,043)	(72,043)
Total program costs	<u>\$ 528,011</u>	455,968	<u>\$ (72,043)</u>
Less amount paid by the State ²		(84,327)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 371,641</u>	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 1997, through June 30, 2004

**FINDING—
Understated offsetting
reimbursements**

The district understated offsetting reimbursements by \$72,043 because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

On January 24, 2002, the Commission on States Mandates adopted the parameters and guidelines, which establish the state mandate and define the reimbursement criteria.

The parameters and guidelines (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$95,994 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests during the review period: California Standards Tests (CST); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition (CAT/6); Spanish Assessment of Basic Education, Second Edition (SABE/2); and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 100% for FY 1997-98, 70.00% for FY 1998-99, 70.17% for FY 1999-2000, 64.64% for FY 2000-01, 64.89% for FY 2001-02, 59.82% for FY 2002-03, and 61.20% for FY 2003-04.

The following table summarizes the understated offsetting reimbursements for the review period:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
STAR Program apportionments:								
CDE apportionment	\$ (25,009)	\$ (27,021)	\$ (7,893)	\$ (8,719)	\$ (8,956)	\$ (9,143)	\$ (9,253)	<u>\$ (95,994)</u>
Mandate-related percentage	× 100%	× 70.00%	× 70.17%	× 64.64%	× 64.89%	× 59.82%	× 61.20%	
Mandate-related apportionment	(25,009)	(18,915)	(5,539)	(5,636)	(5,812)	(5,469)	(5,663)	(72,043)
Less offset CDE apportionment	—	—	—	—	—	—	—	—
Review adjustment	<u>\$ (25,009)</u>	<u>\$ (18,915)</u>	<u>\$ (5,539)</u>	<u>\$ (5,636)</u>	<u>\$ (5,812)</u>	<u>\$ (5,469)</u>	<u>\$ (5,663)</u>	<u>\$ (72,043)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.